



PRESS RELEASE

Extraordinary Transactions

Voluntary Exchange Offer for Company Shares

With regard to the market announcements made by KME Group S.p.A. (“KME”), with press releases dated October 25, 2011 and January 27, 2012, regarding its intention to carry out a voluntary public exchange offer (the “**Voluntary Exchange Offer**”) for all of its shares, the Board of Directors, further to a press release issued on March 23, 2012 concerning the clarifications received from the Consob in response to a specific question submitted by the Company, acknowledged that the Voluntary Exchange Offer will be carried out by the Company in concert with its controlling shareholder, Quattrodue Holding B.V., and that, if required, the abovementioned controlling shareholder will comply with the obligation to carry out a subsequent tender offer (so-called “consolidation tender offer”) by reopening and extending the deadline for responding to the KME Voluntary Offer, pursuant to Article 40-*bis* of Consob Regulation No. 11971/1999 and in accordance with the provisions governing the obligation to carry out a subsequent tender offer.

Merger by Absorption of Intek S.p.A. into KME Group S.p.A.

With regard to the market announcements made by KME with press releases issued jointly with Intek S.p.A. (“Intek”) on October 25, 2011 and January 27, 2012 regarding a merger proposal involving the merger by absorption of Intek into KME (the “**KME-Intek Merger**”), which would be carried out after the merger by absorption of Quattrotre S.p.A. (“**433 SpA**”) into Intek (the “**Intek-433 Merger**”) is completed, the Company makes the following disclosure.

On January 24, 2012, 433 SpA floated a mandatorily convertible bond issue called “*Convertendo Quattrotre S.p.A. 2012-2017*” (the “**Mandatorily Convertible Bond Issue**”) with a total par value of 32,004,000.00 euros, comprised of 4,000 bonds, par value 8,001.00 euros each (the “**Mandatorily Convertible Bonds**”), underwritten by its controlling shareholder, Quattrodue S.p.A. (“**422 S.p.A.**”), at an issue price of 6,000.000 per bond. Pursuant to the indenture of the Mandatorily Convertible Bond Issue (as amended by a resolution of the Extraordinary Shareholders’ Meeting of 433 SpA on March 9, 2012):

- (1) The Mandatorily Convertible Bonds will automatically convert (the “**Conversion into Shares**”) at maturity (corresponding to the end of the sixty-eighth month following the issue date of the Mandatorily Convertible Bond Issue, i.e., September 24, 2017) into 900,000 newly issued 433 SpA common shares, par value 1.00 euro each, based on a conversion ratio of 225 exchange shares for each Mandatorily Convertible Bond, the Redemption Option, as defined below, notwithstanding. To allow the conversion of the Mandatorily Convertible Bond Issue, 433 SpA approved a capital increase of up to 32,004,000.00 euros (including additional paid-in capital), carried out by issuing up to 900,000 common shares, with par value of 1 euros each and additional paid-in capital of 34.56 euros per share;

- (2) 433 SpA shall have the right to redeem the Mandatorily Convertible Bond Issue, at maturity, in cash, by giving notice to 422 SpA sixty business days before the maturity date (the “**Redemption Option**”), provided it received from the Shareholders’ Meeting the authorization required pursuant to Article 2364, Section 1, No. 5), of the Italian Civil Code, approved by a majority vote of shareholders of the issuing company present at the Meeting, other than the shareholder, or shareholders, who individually or jointly own a majority interest, absolute or relative, but in any case greater than 10%. If the Redemption Option is exercised, 433 SpA shall pay to the bondholders, at maturity, the amount of 8,001.00 euros for each Mandatorily Convertible Bond, for a total consideration of 32,004,000.00 euros.

The Merger Proposal filed by the companies parties to the KME-Intek merger at their respective registered offices and available on the KME website specifies that: (i) the Intek-433 merger must be effective before the merger by absorption of Intek into KME can be executed; and (ii) Intek shall replace 433 SpA as the issuer of the Mandatorily Convertible Bond Issue, thereby causing the bond issue to be renamed “*Convertendo Intek S.p.A. 2012-2017.*” The merger proposal also states that, as of the effective date of the KME-Intek merger, KME shall be required, in accordance with the terms and conditions specified in the Merger Proposal, to replace Intek as the issuer of the Mandatorily Convertible Bond Issue, thereby causing the bond issue to be renamed “*Convertendo Intek Group 2012-2017.*”

With regard to the matters reviewed above, KME announces that it received a communication by which 422 SpA, in its capacity as the owner of all of the Mandatorily Convertible Bonds, confirmed its commitment, if the KME-Intek merger is executed, to provide the minority shareholders of the company resulting from the merger with the opportunities provided by the Mandatorily Convertible Bond Issue in the event of either a Conversion into Shares or the exercise of the Redemption Option. To that effect, shortly before the maturity of the Mandatorily Convertible Bond Issue or upon exercise of the Redemption Option by KME, 422 SpA will communicate to the market the details of how the minority shareholders of the company resulting from the KME-Intek Merger will be allowed to benefit from the opportunities provided by the Mandatorily Convertible Bond Issue, pro-rated in accordance with the interests they may hold in KME’s share capital on the record date.

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With regard to the extraordinary transactions subject of the Intek and KME Group joint press releases of October 25, 2011 and January 27, 2012, the Board of Directors of KME Group granted to the Company’s Chairman and two Deputy Chairmen the power to severally take action to convene an Extraordinary Shareholders’ Meeting to vote on resolutions concerning KME’s voluntary public exchange offer for all of its shares and the merger by absorption of Intek into KME Group S.p.A. (conditional on the prior execution of the merger by absorption of Quattrotretre S.p.A. into Intek). The Extraordinary Shareholders’ Meeting of KME convened to vote on the abovementioned transactions has been tentatively scheduled for the first half of May 2012.

Florence, March 28, 2012

The Board of Directors



KME Group S.p.A.

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This press release is available on the Company website, www.kme.com. Additional information may also be obtained directly from the Company (telephone number +39 055.4411454; e-mail investor.relations@kme.com).